

## Audit Requirements

Missouri Statute (Section 165.121, RSMo) states that “[t]he school board of each seven-director district shall cause an audit examination to be made at least biennially of all financial, transportation and attendance records of the districts....” Cost of the audit report shall be paid for out of the General (Incidental) Fund of the district.

School districts must also be aware of the additional audit requirements established by federal law in the Single Audit Act Amendments of 1996 and the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *related OMB Circular A-133 Compliance Supplement*. If the single audit requirements are applicable to the district, each audit performed must comply with federal requirements as well as state requirements.

A written audit report is to be submitted to the LEA’s governing board with sufficient time allowed for the board to study and approve (or disapprove) the report prior to the established date that the report is to be received by DESE. The requirements of the audit report are summarized below.

Although the auditor may prepare or help prepare the financial statements of the district, these financial statements are solely the representation of the district’s management. Although the auditor may advise which accounting principles should be applied to the financial statements and the method of application, the selection and method of application is a determination to be made solely by district management. Missouri Statutes, Missouri Regulations nor DESE prescribe a method of accounting (e.g., cash, modified cash, accrual or modified accrual). Districts are encouraged to select the method that will suit the business needs of the administration and board of education.

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## State Reporting Requirements

State reporting requirements for Missouri school districts are annotated in the Revised Statutes of Missouri (Section 165.121.3, RSMo) and the Missouri Code of State Regulations (5 CSR 30-4.030).

Based on these requirements the auditor’s report on the financial statements should include:

- A statement of the scope of the examination.
- A specific reference to the audit being made in accordance with generally accepted auditing standards (GAAS) and Government Auditing Standards (GAS).
- The auditor’s opinion as to whether the financial statements present fairly the results of the operations during the period audited.
- A statement that the financial statements were prepared in accordance with generally accepted accounting principles or a statement that the basis of presentation is a comprehensive basis of accounting other than generally accepted accounting principles; or in the event the auditor is unable to express an opinion on the two previous items, the reason(s) an opinion was not rendered.
- The auditor’s opinion as to whether the district’s budgetary and disbursement procedures conform to state statutes (Chapter 67, RSMo).
- The auditor’s opinion as to whether the attendance and transportation records are so maintained in order to disclose accurately the average daily attendance and average daily transportation of pupils during the audit period. (*NOTE: The auditor is not certifying the accuracy of average daily attendance and average daily transportation reported, but is issuing an opinion as to whether the method and internal controls surrounding the collection of this data would support accurate figures.*)
- The Schedule of Selected Statistics as specified annually by DESE (prior to year-end the current Schedule will be made available to all districts).

<sup>1</sup> Most Missouri school districts will not have any proprietary fund types.

- The following supplemental schedules are not required by law at this time; however, they are strongly suggested by the DESE:
    - o Schedule of Revenues Collected by Source
    - o Schedule of Expenditures by Object
    - o Schedule of Transportation Costs Eligible for State Aid
    - o Schedule of State Financial Assistance
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### Federal Reporting Requirements

District audits conducted in accordance with the Single Audit Act (districts with total federal expenditures which equal or exceed \$300,000) are expected to include reports and schedules as required by OMB Circular A-133.

### Audit Report Filing Requirements

State Filing Requirements (Section 165.121.4-.5, RSMo, and 5 CSR 30-4.030 (6))

The audit report, the management letter, and the district's *Corrective Action Plan*, if applicable, shall be filed with DESE in accordance with 5 CSR 30-4.030 Audit Policy and Requirements. It is the school district's responsibility to mail the audit report to DESE.

The audit and accompanying information noted above shall be filed with DESE, School Finance Section, by October 31 of each odd-numbered year. Although this is a biennial audit requirement, districts may choose to have an annual audit performed. LEAs are advised that the due date for filing the annual audit report with DESE is prescribed by law. Officials of DESE are authorized to extend the date 60 days, if a proper request is received from the school district, prior to October 31. **A request for the 60-day extension must be made in writing to:**

**Director, School Finance  
Department of Elementary and Secondary Education  
PO Box 480  
Jefferson City, MO 65102-0480**

In the event the properly prepared audit report is not received by DESE by October 31 and the district has not requested and obtained the 60-day extension, the Director of School Finance shall notify the school district. If the report is still not submitted as a result of such notification by the Director of School Finance, further state aid to the district shall be withheld until the audit report has been received by DESE.

Within 30 days of the receipt of the audit report, the school board shall cause a summary of the report to be prepared that includes the following:

- summary statement of fund balances and receipts and disbursements by major classifications
- summary statement of the scope of the audit examination
- auditor's opinion on the financial statements included in the audit report
- information as to where the audit report is available for inspection and examination

Upon completion, the summary shall be published in accordance with Section 165.121.5(3), RSMo.

**Federal Filing Requirements (OMB Circular A-133)**

School districts that expend less than \$300,000 in federal funds (in total, not per program) have no federal filing requirements. School districts required to have a Single Audit pursuant to OMB Circular A-133 (those having \$300,000 or more in federal expenditures) have specific filing requirements. These districts must file a complete reporting package and a data collection form with the Federal Audit Clearinghouse within the earlier of 30 days from receipt of the auditor's report or nine months after the end of the audit period.

The reporting package consists of the complete audit (financial statements and auditor's reports), and as necessary, a summary schedule of prior audit findings and a corrective action plan for current year audit findings. The reporting package is also required to be submitted to pass-through entities under certain circumstances. The reporting package should always be submitted to DESE, School Finance Section.

The Single Audit reporting package should be mailed to:

Federal Audit Clearinghouse  
Bureau of the Census  
1201 E. 10<sup>th</sup> Street  
Jeffersonville, IN 47132

The school district shall make the audit report available for public inspection within 30 days after the completion of the audit.

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**Review of Audit Reports****Department of Elementary and Secondary Education Responsibilities**

Audit reports submitted to DESE shall be received and accounted for by the School Finance Section.

The commissioner of education shall have access to all records of the LEA, as he/she may deem appropriate for the review and analysis of audit reports.

Audit reports will be reviewed by the School Finance Section, for compliance with federal and state requirements. In an instance where a submitted audit report is not prepared in accordance with state and federal requirements, the school district and/or the independent auditor shall be notified and a corrected report or an explanation requested.

School district officials will be expected to provide clarifying information, corrected data or a corrected audit report issued by the independent auditor conducting the original audit **within 30 days of notification** from DESE. If the correction or explanation is not submitted within a reasonable time of the request, DESE shall take the necessary actions to withhold funds as described above.

If an audit report reflects that penal laws have been violated, the commissioner of education shall address such information to the appropriate county or district attorney and to the Attorney General of Missouri.

**State Auditor's Office**

Programs under the jurisdiction of DESE are subject to audit review by the state auditor. This review is not considered a full audit of the overall operation of each LEA as is required biennially at local expense by Section 165.121, RSMo, or of enterprise funds that are local in nature. This audit review is typically for programs operated by the LEA for designated purposes that require special fund appropriations and/or separate accountability for the purpose of determining allocations such as transportation, Basic Formula,

gifted, etc. This is not to imply that the commissioner of education, through the services of the state auditor, will not examine records necessary for biennial audit review and other purposes necessary for executing his/her lawful duties.

State auditor audits shall be made on the basis of:

- request by a petition signed by the requisite number of qualified voters of the school district
- appropriate direction of executive, legislative, or judicial entity
- appropriate request by the LEA, DESE, or other appropriate governmental agency administrator.